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STATE OF NEVADA
OFFICE OF THE STATE TREASURER

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Update to Gov Guinn Millennium Scholarship Status for Fiscal Year 2011

In the interest of providing students, parents, and other Nevada citizens with information about the updated status of the Gov. Guinn Millennium Scholarship (GGMS) for Fiscal Year 2011 (July 1, 2010 to June 30, 2011), we offer the following review.

Acknowledgement of Award Packets

The Treasurer's Office has been receiving many calls about notification of eligibility for a GGMS from graduating high schools seniors and/or their parents. Traditionally, the packets of information concerning the scholarship, including the Acknowledgement of Award, are mailed by this office in late July after receiving the certified list of eligible high school seniors from the Board of Regents, per Nevada Revised Statutes.

The Treasurer's Office role is to serve as the administrator of the GGMS: we pay the bills with money provided by the State Legislature and provide available funding to eligible institutions that millennium scholars choose to attend, including Nevada System of Higher Education (NSHE) institutions, Sierra Nevada College, and the University of Southern Nevada. Student eligibility criteria are established by the State Legislature and certification of a student's eligibility is verified by the Nevada Board of Regents.

GGMS Funding Shortage

As you know from previous information placed on the Treasurer's Office website, our Facebook page (Nevada Millennium Scholarship), and various news reports, due to lower than anticipated money from Nevada's share of the Tobacco Master Settlement Agreement and a total of \$32.8 million no longer being available in the GGMS Trust Fund as a result of actions taken by the State Legislature, there is a present shortage of approximately \$4.2 million to fund the fall 2010 semester. This shortage would affect all present millennium scholars, including qualified graduating high school seniors. Based on advice the Treasurer's Office has received from the Nevada Attorney General's Office, the possible shortage for the fall 2010 semester would be equally shared by all millennium scholars, meaning each student would receive less than full funding for the fall 2010 semester unless the budget gap is closed.

Funding for the GGMS

In accordance with Nevada Revised Statutes, the Treasurer's Office essentially holds the checkbook and pays student scholarship awards based on the decisions of the State Legislature and the Nevada Board of Regents. It should be noted, there is no General Fund appropriation to the GGMS to pay for student scholarships; all funding comes from the scholarship program's

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Nevada Prepaid Tuition Program
Unclaimed Property
Upromise College Fund 529 Plan

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share of the state's Tobacco Master Settlement Agreement and a transfer from the state's Unclaimed Property Fund to the GGMS Trust Fund.

Possible Solutions Being Explored

As explained in previous communications, the Treasurer's Office has been working diligently to explore possible funding solutions. Unfortunately, due to Nevada Revised Statutes restrictions, several ideas proposed by this office can only be reviewed and approved by the full State Legislature as opposed to the Interim Finance Committee (IFC). The next legislative session will not convene until February 2011.

However, as you may have seen in recent news reports, at the June 24, 2010 IFC meeting, on behalf of the College Savings Board, the Treasurer's Office submitted a Work Program to transfer \$200,000 from the College Savings Endowment Account to the GGMS Trust Fund. The College Savings Board had approved making this transfer at its meeting in March, when \$200,000 would have been enough to cover the FY 2011 fall semester shortfall.

When the item came up for consideration, several members of the IFC asked about being able to transfer FY 2010 remaining money in the College Savings Endowment Account to the GGMS Trust Fund to close the pending fall semester funding gap. The unencumbered amount presently remaining in the College Savings Trust Fund is approximately \$2.6 million.

Further discussion amongst IFC members asked about additional ways to close the funding shortage. Several committee members questioned whether such a move by the IFC would result in a "taking" from individual Nevada College Savings Plans account owners investments, or would entail taking money from the Nevada Prepaid Tuition program.

Nevada Prepaid Tuition Program Not Affected

To be clear, **no money invested by Nevada Prepaid Tuition contract holders to pay for future college tuition costs for their children has been or can be transferred to the Millennium Scholarship program.** In accordance with Nevada Revised Statutes, tuition payments made by individuals into a Nevada Prepaid Tuition account **MUST** be held in a separate account called the Higher Education Trust Fund. Funds deposited in this account are not state revenue and cannot be used to pay for any expenses other than its intended purposes.

In fact, with the intent of further increasing the funded status of the Nevada Prepaid Higher Education Trust Fund to 100 percent, the College Savings Board at its January 2010 meeting agreed to transfer \$5 million from the College Savings Endowment Account to the Higher Education Trust Fund, providing even greater security for the investment of Nevada account holders.

To assist members of the IFC in better understanding where the money in the College Savings Endowment Account comes from and how those funds are traditionally utilized by the College Savings Board, the Treasurer's Office sent a [letter to IFC members](#) on June 29, 2010.

As the letter explains, payments to the College Savings Board by the four Nevada College Savings Plans program managers are held in an account **separate and apart from the assets of Nevada College Savings Plans customer accounts.** The funds in the College Savings

Endowment Account come from fees paid by the program managers, which assess a fee that is disclosed to account holders in their contracts (please read the link to the letter for greater details). The money remaining in the College Savings Endowment Account, which some members of the committee are considering transferring to the GGMS Trust Fund, would not require any additional funds from Nevada College Savings Plans account holders.

Senate Majority Leader Steven Horsford, Co-Chair of the IFC, made the decision to hold the Work Program so committee members would have an opportunity to further discuss the issue. Sen. Horsford stated he hoped to call a special IFC meeting in the first two weeks of July at which time this issue would be further discussed and a vote taken.

Further Information

The Treasurer's Office will continue to provide students, parents, and interested citizens with the latest developments concerning the GGMS as new information emerges.